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Activities not classified by field: international economic and social classifications

International economic and social classifications

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-fifth session.[1] It outlines how the recommendations of the Commission concerning international statistical classifications have been addressed since that session. The report is presented to the Commission for information.

[1] See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I, sect. A, para. 1.

* E/CN.3/2005/1.

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I. Recommendations on international classifications made by the Statistical Commission at its thirty-fifth session

1. At its thirty-fifth session, held from 2 to 5 March 2004, the Statistical Commission:[1]

(a) Expressed its appreciation for the work carried out by the United Nations Statistics Division, and the Expert Group on International Economic and Social Classifications and its Technical Subgroup on the revision of the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC);

(b) Endorsed the recommendations of the Expert Group as set out in the report of the Secretary-General (E/CN.3/2004/22, annex I), including the proposed high-level structure of ISIC as a basis for detailed work on the classification;

(c) Noted the concerns expressed by some delegates that continued work needed to be undertaken by the Expert Group;

(d) Endorsed the work undertaken to ensure the consistency of ISIC and the Statistical Classification of Economic Activities in the European Community (NACE), including the compromise solution on repair activities;

(e) Supported the proposal of developing a limited top-level structure for ISIC in conjunction with the Intersecretariat Working Group on National Accounts (ISWGNA);

(f) Noted the efforts of the Food and Agriculture Organization of the United Nations (FAO) towards taking the lead in the work on classification of agricultural activities and products, thereby providing input into the revision of ISIC and CPC;

(g) Agreed with the proposed work plan for the revision of ISIC and CPC, including plans to consult national, international and regional organizations in that effort;

(h) Noted the plans of the International Labour Organization (ILO) for the revision of the International Standard Classification of Occupations (ISCO) by 2007, involving the creation by June 2004 of a technical expert group to network with the United Nations Expert Group on International Economic and Social Classifications;

(i) Agreed with the conclusion of the International Merchandise Trade Statistics Task Force that the fourth revision of the Standard International Trade Classification (SITC) should be prepared for 2007.

II. Activities carried out in response to the requests of the Commission

A. Status of the revision process of the International Standard Industrial Classification of All Economic Activities

2. The revision of the International Standard Industrial Classification of All Economic Activities (ISIC) continues according to the work plan presented at the thirty-fifth session of the Statistical Commission.

3. Based on the recommendations made by the Statistical Commission at its thirty-fifth session and the recommendations made by the United Nations Expert Group on International Economic and Social Classifications, a first complete draft of ISIC, Rev.4, was produced, including the full detailed structure and explanatory notes for the revised classification. This draft was distributed to the national statistical offices of all countries and interested international agencies in May 2004 with a deadline for responses set at 15 November 2004. The questionnaire is available on the United Nations Statistics Division Classifications web site.

4. The first replies to this questionnaire were being received at the time of writing of the present report. A summary of responses will be submitted to the Statistical Commission in March 2005 as a room document. This room document may include points for discussion, if additional guidance by the Commission is needed before the next step in the revision process, namely, the preparing of a revised version of the classification to be submitted to the Expert Group for consideration at its next meeting in June/July 2005.

5. The United Nations Statistics Division has conducted two workshops focusing on the ISIC and the CPC revision in cooperation with the Economic and Social Commission for Western Asia (ESCWA) and the Economic Commission for Europe (ECE) for countries in their respective regions. The workshops provided detailed information to countries on the planned changes to these classifications and solicited input into the revision process from attending countries.

6. Limited aggregation structures of ISIC for national accounts purposes will be discussed by the Advisory Expert Group on National Accounts. No final recommendation was available at the time of writing of this report.

B. Status of the revision process of the Central Product Classification

7. As outlined in the work programme approved by the Expert Group and submitted to the Statistical Commission at its thirty-fifth session, the revision process of the Central Product Classification (CPC) will trail the ISIC revision by about half a year. This will allow for allocation of proper product detail for newly created industries in ISIC.

8. A questionnaire focusing on the CPC revision was sent to all countries and interested international agencies in July 2004, with a deadline for responses set for October 2004. The questionnaire requested feedback on some general strategic questions for the revised CPC, outlined existing proposals for certain areas in the CPC and solicited additional proposals for change. The questionnaire is available on the United Nations Statistics Division Classifications web site.

9. The Technical Subgroup of the Expert Group convened in October 2004 for a meeting dedicated solely to the revision of CPC. Based on the replies to the questionnaire and additional proposals, changes to a number of sections of CPC were discussed and recommendations were made. Based on this, a complete revised draft of CPC, Ver.2, was being prepared at the time of writing of this report. The complete draft of CPC, Ver.2, like that of ISIC, will be circulated to countries and agencies for discussion, at the beginning of 2005.

C. Status of the revision process of the International Standard Classification of Occupations

10. The work to update the International Standard Classification of Occupations (ISCO-88)[2] started in January of 2004. The updating, which entails only minor changes to the classification, primarily at the lower levels of the classification structure, will encompass adding new categories of jobs, deleting or combining categories that no longer warrant separate identification, and improving the descriptions of some groups. This means that the basic principles for classification units, classification variables and similarity criteria will not be modified, nor will the hierarchic structure of 10 major groups at the first level of the classification. The updated version will be known as ISCO-08 and should be available by the end of 2007, as recommended by the Statistical Commission at its thirty-fourth session in March 2003.

11. As part of the work to update ISCO-88, a web site was developed with information about ISCO-88, ISCO-68 and ISCO-58 as well as about occupational classifications in general. The site in English can be viewed at www.ilo.org/public/english/bureau/stat/isco/index.htm.

12. In September 2004, a questionnaire was sent to all countries through their national statistical agency, their ministry of labour, and, when contact information was available, their vocational training institutes, employers organizations and workers organizations. This questionnaire will obtain feedback from as many countries as possible on a number of conceptual issues as well as on the treatment of specific occupational groups. The questionnaire also seeks to obtain concrete recommendations for the creation of new occupational groups and to improve the descriptions of already existing groups. The questionnaire in English can be viewed at www.ilo.org/public/english/bureau/stat/isco/isco88/quest.htm.

13. The analysis of the replies to this questionnaire will be the basis for the discussions at the forthcoming meeting of the United Nations Expert Group on International Economic and Social Classifications. It is expected that the Expert Group will provide general guidelines on the updating process as well as concrete recommendations regarding specific occupational categories.

14. Discussions in a web forum constitute a second mechanism through which a more dynamic feedback from countries will be obtained. The "web discussions" will concentrate on those issues emerging from responses to the questionnaires that are regarded as requiring further discussions, as well as any other issues that may arise from the discussions themselves. These discussions will start in 2005 and will be continuous up to 2007.

15. A second questionnaire will be sent at the end of 2006 that will seek views on new areas that may have been identified by the Expert Group, through discussions in the web forum or replies to the previous questionnaire. It will also seek views on areas already covered in the previous questionnaire on which no general agreement was obtained. The analysis of the replies to the second questionnaire will be the basis for the discussion at the ILO Tripartite Meeting of Experts on Labour Statistics to be convened at the end of 2007. It is expected that this Meeting of Experts will adopt ISCO-08.

D. Status of the revision process of the Standard International Trade Classification

16. The Statistical Commission, at its thirty-fifth session, agreed with the conclusion of the inter-agency Task Force on International Merchandise Trade Statistics that the fourth revision of the Standard International Trade Classification (SITC, Rev.4) was needed in view of accumulated changes in the Harmonized Commodity Description and Coding System (HS) and further amendments to HS, which would come into effect on 1 January 2007. Accordingly, the United Nations Statistics Division has begun preparation of SITC, Rev.4.

17. The revision process is organized as follows. The United Nations Statistics Division in cooperation with the interested international organizations and countries is preparing a draft SITC, Rev.4. The initial draft will be submitted for the consideration of the inter-agency International Merchandise Trade Statistics Task Force in March 2005. The updated draft will be submitted to countries and the United Nations Expert Group on International Economic and Social Classifications for review. The Statistics Division will make necessary changes in the draft to take into account forthcoming comments and will make the draft available to the Commission at its thirty-seventh session for information. The Statistics Division will finalize SITC, Rev.4, by mid-2006 and will disseminate it to countries for use.

E. Status of the revision process of the Balance of Payments classification and the Extended Balance of Payments Services Classification

18. The revision of the services component of the *Balance of Payments Manual*, 5th ed.,[3] is being coordinated with the revision of the Extended Balance of Payments Services Classification (EBOPS) by the Interagency Task Force on Statistics of International Trade in Services (IATFSITS). These revisions are being carried out in collaboration with the Technical Subgroup of the United Nations Expert Group on International Economic and Social Classifications, which is working on strengthening the alignment between the Extended Balance of Payments Services Classification and CPC with the objective of obtaining correspondence at the CPC group (three-digit) level.

19. Discrepancies between CPC and the Extended Balance of Payments Services Classification remain for several items. These items are information products, merchanting, insurance, and government services, repairs on goods, goods for processing, and the Balance of Payments travel component. Work on these components is continuing in the Technical Subgroup, the Interagency Task Force on

Statistics of International Trade in Services and other groups of experts; and the outcomes, as they affect the revision of the Balance of Payments, will be brought forward during the 2005 meeting of the International Monetary Fund (IMF) Committee on Balance of Payments Statistics.

F. Status of the revision process of agricultural classifications

20. The Statistical Commission at its thirty-fifth session (2-5 March 2004) supported the efforts of the Food and Agriculture Organization of the United Nations (FAO) to take the lead in the work on classification of agricultural activities and products and in a follow-up review of the current proposed ISIC and CPC structure. The close cooperation and consultation of FAO with the United Nations Expert Group on International Economic and Social Classifications and its Technical Subgroup should enhance application of ISIC and CPC for agricultural statistics.

21. An internal Task Force on Classifications was established at the FAO Statistics Division (FAOSTAT) in mid-2004 to review international classifications like ISIC, CPC and SITC/HS classifications of time use, censuses, occupation/work, and resources, and geographical and country classification systems, especially in the area of agriculture, and the list of commodities used by FAOSTAT within FAO.

22. The FAO Expert Group Meeting on Classifications (CPC and ISIC) in Agriculture, held at FAO headquarters in August 2004, was attended by approximately 30 internal/external experts to discuss the needs, uses and resulting requirements for agricultural classifications with a view to formulating proposals for changes in CPC and ISIC in order to make them more adequate for agricultural statistics.

23. As part of the development of FAOSTAT 2, a new list of agricultural products was created with about 600 primary commodities mainly derived from about 2,020 commodities in the Harmonized System. In addition, a list of 115 aggregated food items was identified for the purpose of compiling Food Balance Sheets and Supply Utilization Accounts. These items were HS-equivalent. Additional items to be included in CPC cover agricultural products, either traded across the border but not significant in monetary terms or produced mainly for domestic consumption, that are important in production, distribution and consumption. The rationale for the FAO proposals also includes the consideration of nutrient contents in the context of fighting against hunger and alleviating undernourishment. FAO prepared and presented its proposals for ISIC, Rev.4, and CPC, Ver.2.0, to the meetings of the United Nations Expert Group on International Economic and Social Classifications and its Technical Subgroup.

24. FAO will continue to work on the economic and social classifications in agriculture to improve the FAO proposals and ensure that they are properly incorporated in the next version of CPC and of ISIC. FAO will also continue its work on classifications in other areas such as time use, occupation/work, and resources, and SITC.

25. FAO will also lead the efforts towards building up a satellite account/alternate aggregate within ISIC for statistical data collection and policy analysis for agricultural and rural development.

Notes

[1] See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. V, sect. B, para. 4.

[2] Geneva, International Labour Office, 1990.

[3] Washington, D.C., International Monetary Fund, 1993.